



Department of Defense DIRECTIVE

NUMBER 4165.50

June 26, 1991

ASD(P&L)

SUBJECT: Homeowners Assistance Program (HAP)

References: (a) DoD Instruction 4165.50, "Administration and Operation of the Homeowners Assistance Program," February 11, 1972 (hereby canceled)
(b) DoD Directive 5100.54, "Homeowners Assistance Program," December 29, 1967 (hereby canceled)
(c) Section 1013 of Public Law 89-754, "Demonstration Cities and Metropolitan Development Act of 1966," as amended (80 Stat. 1255 and 1290)

1. REISSUANCE AND PURPOSE

This Directive:

1.1. Reissues reference (a).

1.2. Replaces reference (b).

1.3. Continues to authorize the HAP under reference (c) to assist eligible military and civilian Federal employee homeowners when the real estate market is adversely affected by closure or reduction-in-scope of operations, at a military, including a Coast Guard, installation.

1.4. Updates policy, delegates authority, assigns responsibilities, and prescribes procedures for managing the HAP.

1.5. Designates the Secretary of the Army as the DoD Executive Agent for administering, managing, and executing the HAP.

2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense, the Military Departments (including the Coast Guard when it is operating as part of the Department of the Navy, and, by agreement with the Department of Transportation, when it is not operating as a part of the Department of the Navy), the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense, the Uniformed Services University of the Health Sciences, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components"). The term "Military Services," as used herein, refers to the Army, the Navy, the Air Force, and the Marine Corps.

3. DEFINITIONS

Terms used in this Directive are defined in enclosure 1.

4. POLICY

It is DoD policy, in implementing Pub. L. No. 89-754, Section 1013 (reference (c)), that:

4.1. Eligible personnel participating in the HAP go to settlement on their homes, expeditiously.

4.2. Minimal time and money be expended for administration.

5. RESPONSIBILITIES

5.1. The Assistant Secretary of Defense (Production and Logistics) shall:

5.1.1. Prescribe administrative and operational policies.

5.1.2. Set eligible personnel benefits not prescribed in reference (c), with the concurrence of the Comptroller of the Department of Defense and the Assistant Secretary of Defense (Force Management and Personnel).

5.1.3. Negotiate agreements with the other Agencies.

5.1.4. Monitor administration and provide broad policy guidance.

5.2. The Comptroller of the Department of Defense shall:

5.2.1. Prescribe policies and procedures for financial operations.

5.2.2. Review and approve financial plans and budgets.

5.2.3. Issue financing and obligation authorities.

5.2.4. Administer the DoD Homeowners Assistance Fund (parent account).

5.3. The Secretary of the Army, as Executive Agent, shall:

5.3.1. Administer, manage, and execute the HAP, including:

5.3.1.1. Management, maintenance, and disposal of the HAP-acquired property.

5.3.1.2. Coordination and liaison with the Secretary of Housing and Urban Development (HUD) and the Secretary of Transportation. For HUD, see the agreement between the Secretary of Defense and the Secretary of HUD (enclosure 3).

5.3.1.3. Acquisition of private contractor services.

5.3.1.4. Administering appeals and eligibility exceptions.

5.3.1.5. Publishing regulations and forms.

5.3.1.6. Reducing administrative costs and expediting payments by redelegation of authorities to the lowest practical level.

5.3.2. Establish detailed policies and procedures.

5.3.3. Maintain a HAP central office and HAP field offices.

5.3.4. Determine that a specific military, including a Coast Guard, installation meets the requirements of Pub. L. No. 89-754, Section 1013 (reference (c)).

5.3.5. Determine the eligibility of each applicant.

5.3.6. Determine and advise each applicant on the most appropriate type of assistance.

5.3.7. Determine amounts to be paid consistent with DoD policy and make payments or authorize and arrange for acquisition or transfer of the applicant's property.

5.3.8. Maintain, manage, and dispose of acquired properties or contract for such services with private contractors, if the services are not handled by the Department of HUD.

5.3.9. Take steps to ensure contractor accountability and quality control, with special emphasis on potential abuses caused collaboration between contractors or contractors and applicants.

5.3.10. Maintain necessary records, prepare reports, and conduct audits.

5.3.11. Establish and maintain an appeals procedure.

5.3.12. Prepare the Future Years Defense Program and annual budgets for the Homeowners Assistance Fund, Defense.

5.3.13. Publish regulations and forms, subject to review by the Assistant Secretary of Defense (Production and Logistics).

5.4. The Heads of the DoD Components and the Commandant of the Coast Guard shall:

5.4.1. Designate at least one representative at the headquarters level to work with the HAP central office and submit this name, annually, in January to the HAP central office.

5.4.2. Cause each installation to establish liaison with the nearest HAP field office (see enclosure 2) to obtain further guidance or assistance. For the Coast Guard, see the agreement between the Secretary of Defense and the Secretary of Transportation (enclosure 4).

5.4.3. Supply the HAP central office a copy of any internal regulation, instruction, or guidance published.

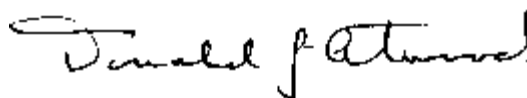
5.4.4. Disseminate information on the HAP, receive applications for assistance, verify statements on employment, and forward applications for further processing, as required by the DoD Executive Agent.

6. INFORMATION REQUIREMENTS

The annual reporting requirements in subsection 5.3., above, have been assigned Report Control Symbol DD-P&L(A)1154.

7. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. The DoD Executive Agent shall forward three copies of implementing documents to the Assistant Secretary of Defense (Production and Logistics) within 120 days.



Donald J. Atwood
Deputy Secretary of Defense

Enclosures - 4

- E1. Definitions
- E2. List of HAP Field Offices
- E3. DoD and HUD Agreement
- E4. DoD and DoT Agreement

E1. ENCLOSURE 1

DEFINITIONS

E1.1.1. Benefit Elections. Eligible personnel electing to participate in the HAP may elect one of the following:

E1.1.1.1. In the United States and its possessions:

E1.1.1.1.1. Partial compensation for sale-by-owner losses.

E1.1.1.1.2. Purchase by the Government.

E1.1.1.1.3. Payment of the costs of a foreclosure on the dwelling, under certain circumstances.

E1.1.1.2. In foreign countries:

E1.1.1.2.1. Partial compensation for sale-by-owner losses.

E1.1.1.2.2. Foreclosure costs calculated on a sale-by-owner basis.

E1.1.1.2.3. Compensation for the applicant's ownership interest in property located on a U.S. installation. Government purchase of off-installation dwellings is not available. (Detailed regulations regarding available benefits are published by the DoD Executive Agent.)

E1.1.2. Eligible Personnel. Military personnel or Federal civilian employees, who are homeowner-occupants of a one- or two-family dwelling at, or near, military, including Coast Guard, installations ordered closed or reduced-in-scope. That order must have adversely affected the homeownership market, as validated by the DoD Executive Agent. The Coast Guard installations and personnel are covered for closings or reductions ordered after January 1, 1987. The Non-Appropriated Fund Instrumentalities (NAFI) personnel are covered for closings or reductions ordered after December 31, 1988. Civilian personnel, including the NAFI employees, serving overseas with reemployment rights at applicable installations are covered for closings or reductions ordered after November 5, 1990. Temporary employees serving under a time limitation and independent contractors and their employees are not covered.

E1.1.3. Homeowners. Eligible personnel who hold fee simple title or have a contract to purchase in fee simple qualifying residential dwellings, unless the dwelling is part of a cooperative association. Ownership interest in a cooperative homeownership association shall be recognized under the cooperative homeownership laws of the State where the affected property is located. Ownership of a mobile home constitutes homeownership if the mobile home is affixed to the land and the underlying realty is held in either fee simple, long-term lease (27.5 years or longer), or contract-to-purchase.

E2. ENCLOSURE 2

LIST OF HAP FIELD OFFICES

<u>Field Office:</u>	<u>For Installations Located In:</u>
U.S. Army Engineer District P.O. Box 2288 Mobile, AL 36628-0001	Alabama, Florida (Bay, Calhoun, and Escambia Counties), Mississippi, Tennessee (excludes Ft. Campbell), South America, South Africa, and Canal Zone
U.S. Army Engineer District P.O. Box 898 Anchorage, AL 99506-0898	Alaska
U.S. Army Engineer District P.O. Box 2711 Los Angeles, CA 90053	California (south of, and including, San Luis Obispo, Kern, Inyo, and Los Angeles Counties), Arizona, and Nevada (Clark and Lincoln Counties)
U.S. Army Engineer District 650 Capital Mall Sacramento, CA 95814-4794	California (north of, and including, Monterey, Kings, Tulare, and Mono Counties), Nevada (except Clark and Lincoln Counties), and Utah
U.S. Army Engineer District P.O. Box 889 Savannah, GA 31402-0889	Georgia, North Carolina, and South Carolina
U.S. Army Engineer Division Pacific Ocean Fort Shafter, HI 96858-5440	Hawaii, American Samoa, Guam, Asia, and Australia
U.S. Army Engineer District P.O. Box 1715 Baltimore, MD 21103-1715	Maryland, Delaware, District of Columbia, Pennsylvania, Virginia (City of Alexandria; Arlington, Fairfax, Loudoun, and Prince William Counties; Vint Hill Farms Station; Warrenton Training Center, and North Virginia Personnel Office), and West Virginia

U.S. Army Engineer District P.O. Box 4970 Jacksonville, FL 32232-0019	Florida (except those areas assigned to the Mobile Office), Puerto Rico, and Virgin Islands
U.S. Army Engineer District P.O. Box 59 Louisville, KY 40201-0059	Illinois, Indiana, Kentucky, Michigan (except Sawyer AFB and Wurtsmith AFB), Ohio, and Tennessee (Ft. Campbell only)
U.S. Army Engineer District 700 Federal Building Kansas City, MO 64106-2896	Missouri and Kansas
U.S. Army Engineer District 7410 USPO and Courthouse 215 North 17th Street Omaha, NE 68102-4978	Nebraska, Colorado, Iowa, Michigan (Sawyer AFB and Wurtsmith AFB), Minnesota, North Dakota, South Dakota, Wisconsin, and Wyoming
U.S. Army Engineer District 26 Federal Plaza New York, NY 10278-0090	New York, Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, Rhode Island, Vermont, Europe, and North Africa
U.S. Army Engineer District P.O. Box 17 300 Fort Worth, TX 76102-0300	Texas, Arkansas, Louisiana, New Mexico, and Oklahoma
U.S. Army Engineer District P.O. Box C-3755 Seattle, WA 98124-2255	Washington, Idaho, and Oregon
U.S. Army Engineer District 803 Front Street Norfolk, VA 23510-1096	Virginia (except those areas assigned to the Baltimore Office)

HAP CENTRAL OFFICE

Homeowners Assistance Program
Real Estate Directorate
Army Realty Services Division
4128 Pulaski Building
20 Massachusetts Avenue, N.W.
Washington, DC 20314-1000

E3. ENCLOSURE 3

HOMEOWNERS ASSISTANCE PROGRAM Agreement Between the Department of Defense and the Department of Housing and Urban Development

HOMEOWNERS ASSISTANCE PROGRAM
Agreement Between the Department of Defense
and the
Department of Housing and Urban Development

ARTICLE I - INTRODUCTION

Section 1. Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89-754, enacted November 3, 1966) authorizes the Secretary of Defense to provide assistance to owners of one- or two-family dwellings located at or near military installations, ordered to be closed in whole or in part subsequent to November 1, 1964, when certain determinations have been made with respect to eligibility. In certain instances, this assistance may be rendered by acquiring title to the properties of such owners under terms and conditions prescribed by the statute.

Section 2. Section 1013(d) of the Act provides a fund for the purpose of this program, which has been established as the Homeowners Assistance Fund, Defense. Section 1013 (g) authorizes the Secretary of Defense to enter into agreement with the Secretary of Housing and Urban Development with respect to administration of the program. This agreement is executed on behalf of the Secretary of Defense by the Assistant Secretary of Defense (Installations and Logistics) pursuant to delegation of authority contained in DoD Directive 5100.54 dated December 29, 1967, and by the Secretary of Housing and Urban Development.

Section 3. For the purposes of this Agreement, the following definitions shall apply:

(a) "Act" means Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, Public Law 89-754, enacted November 3, 1966.

(b) "Secretary of Defense" means the Secretary of Defense or an officer or employee of the Department of Defense empowered to exercise any of the functions of the Secretary of Defense under the Act.

(c) "DoD" means Department of Defense.

(d) "Secretary, HUD" or "HUD" means the Secretary of Housing and Urban Development or an officer or employee of the Department of Housing and Urban Development empowered to exercise any of the functions of the Secretary of Housing and Urban Development under the Act.

(e) "Corps" means the Office of the Chief of Engineers, Department of the Army.

(f) "Division/District Engineer" means either the Division Engineer of the Corps or the District Engineer of the Corps, as applicable under the circumstances, having military jurisdiction in the area in which the property is located.

(g) "FHA" means the Federal Housing Administration.

(h) "Assistant Commissioner-Comptroller" means the Assistant Commissioner-Comptroller of the Federal Housing Administration.

(i) "FHA Insuring Office" means the local insuring office of FHA having jurisdiction over the area where the property is located.

(j) "Fund" means the Homeowners Assistance Fund, Defense, established pursuant to the authority contained in Section 1013(d) of the Act.

(k) "Acquired Property" means property acquired pursuant to the Act.

ARTICLE II - POLICY AND OBJECTIVES

Section 1. As more fully set forth below, Secretary, HUD will accept custody, subject to funds made available by DoD, of property acquired pursuant to the Act and maintain, manage, and dispose of such properties on behalf of the Secretary of Defense. In the event the Fund no longer has any monies available, the Secretary, HUD may terminate this Agreement and DoD shall in that event assume custody and responsibility for all properties accepted, and mortgage payment liabilities accepted assumed, by HUD pursuant to this Agreement. It is the agreed objective that acquired properties will be held, managed and disposed of in such a way as to:

(a) Avoid further depression of local real estate market conditions in areas where the housing market is depressed, and

(b) Consistent with item (a) above and with the desirability of disposing of the properties as rapidly as feasible, seek to obtain the best possible financial return to the Fund. During the period properties are held by FHA, and when it is feasible and in the best interest of the Government, consistent with HUD/FHA policy as to Secretary, HUD-owned property in the areas acquired in the course of FHA mortgage insurance operations, properties will be rented to third parties at rates generally obtainable for comparable properties in the area.

Section 2. The Secretary of Defense and the Secretary, HUD will expedite action in all offices and at all levels of their organizations relative to matters that are the subject of this Agreement, and each will use all available means to assure that the purposes of the Act are accomplished in accordance with the spirit and intent of the Act.

ARTICLE III - ACQUISITION AND ASSUMPTION OF CUSTODY

Section 1. As to properties acquired by the Corps under this Act, acquisition will be accomplished by the Division/District Engineer, who will negotiate with the owner as to terms, will affect the closing, and will pay to the property owner such

sums as may be due to him. The Division/District Engineer will obtain a merchantable title to the property which meets the title requirements of the Attorney General of the United States.

Section 2. HUD/FHA, on behalf of the Fund, will assume custody of properties acquired as of the date that title in the property vests in the United States, for the purpose of holding, managing, renovating, renting, and disposing of said properties. The District/Division Engineer will file the deed for record promptly upon title vesting in the United States, and on the same day will notify the FHA insuring office of the acquisition, using FHA Form 1174, Notice of Military Acquisition, copy attached hereto and made a part hereof, and will on the same date forward the keys to the property and any other data concerning the property which is requested by FHA to the FHA insuring office. The original and two copies of FHA Form 1174, completely executed, will be forwarded to the FHA insuring office for each property acquired. The FHA insuring office will assign an FHA identification number to the property, insert this identification number on one copy of Form 1174 and promptly return this copy to the Division/ District Engineer.

Section 3. Properties acquired pursuant to the Act shall be conveyed to, and acquired in the name of, the United States. Title to the properties shall be of sufficient quality and standard as to be readily merchantable in the locality. Encumbrances that do not affect the merchantability of the properties, such as easements for roads and utilities, will not be required to be cleared from the title. In the event HUD/FHA determines that there is any encumbrance to title which, under local custom and legal procedures of the situs of the property, would preclude or diminish HUD/FHA's ability to dispose of the property, it is agreed that HUD/FHA may remove the encumbrance and that costs of such removal will be borne by the Fund. In those instances where a defect in title is discovered, the Fund will be responsible for the cost of curing said defect.

Section 4. As a prerequisite to acquisition of the property, the Division/District Engineer will procure adequate title evidence covering the property and will have the title evidence continued through the date and time of recording the deed to the United States. When the opinion of the Attorney General approving the title has been received, the Division/District Engineer will transmit same by FHA Form 1175, Transmittal of Recorded Deed and Title Assembly, copy attached hereto and made a part hereof, together with the recorded deed and other muniments of title, to the FHA Assistant Commissioner-Comptroller at his offices in Washington, D.C.

Section 5. Where title to a property is acquired subject to the existing mortgage, the Government will assume and agree to pay said mortgage in accordance with the terms of the mortgage. The mortgage will not be prepaid unless HUD/FHA determines that prepayment is mandatory to enable HUD/FHA to effectively manage and dispose of the prop-

erty.

Section 6. Any mortgage, other than a first mortgage, which is assumed by the Government pursuant to the Act, will be paid off as a part of the closing of the purchase transaction. All mortgage arrears existing with respect to the first mortgage will be brought current at the time of the property acquisition. If HUD/FHA ascertains that mortgage arrears have not been brought current, HUD/FHA is authorized to make the necessary payment to restore the mortgage account to a current condition and the Fund will bear the costs of same.

Section 7. Possession of acquired properties will normally be obtained at the time title is vested in the United States and at the time FHA Form 1174 is forwarded to HUD/FHA. Properties will be delivered vacant to FHA, except in the following circumstances:

(a) HUD/FHA will accept custody of a property occupied under a lease which cannot be terminated and has an unexpired portion of less than one year provided all payments due under the lease are current, and provided further, that the lessee will waive any right to exclusive extension of the lease, other than month-to-month occupancy.

(b) Owners or tenants, on a month-to-month basis, of acquired properties may be permitted a 30-day period following acquisition of title in the name of the United States to vacate the property.

(c) Upon agreement with the Director of the FHA insuring office, HUD/FHA will accept custody of properties occupied under leases in excess of a year's duration.

Section 8. In cases where properties are acquired subject to existing leases, the leases may be assigned and transferred to the United States. Such leases will be delivered to the FHA insuring office with FHA Form 1174. All costs of eviction incurred by HUD/FHA will be reimbursed by the Fund. Except in cases involving a lease in which the unexpired portion is less than one year, no agreement shall be entered into with owners or occupants of properties to be acquired concerning their continued occupancy in the property without prior written approval of the Director of the FHA insuring office and the tenure of occupancy will be entirely at the option of the FHA insuring office.

Section 9. The Government will normally be a self-insurer of acquired properties and hazard insurance will be cancelled by HUD/FHA as soon as possible after passing of title. Any unearned premiums will be the property of the former owner who will be responsible for claiming same from the insurer. The Department of Defense understands that the decision as to whether or not hazard insurance be carried is that of the mortgagee and HUD/FHA must abide by the requirements of the mortgagee. In the event the mortgagee, pursuant to the terms of the mortgage, requires that hazard insurance be carried, HUD/FHA will obtain a hazard insurance policy on the property in an amount sufficient to comply with the mortgage. In the

event hazard insurance is obtained, HUD/FHA will pay for such insurance and will be reimbursed from the Fund.

ARTICLE IV - MAINTENANCE, MANAGEMENT AND DISPOSAL

Section 1. To the extent not inconsistent with the provisions of this Agreement, HUD/FHA will maintain, manage, renovate, rent, sell and dispose of the acquired properties in the same manner and under the same procedures as are used by HUD/FHA for properties acquired pursuant to FHA insurance contracts. HUD/FHA will give neither advantage nor disadvantage insofar as sale or other activity is concerned to properties acquired pursuant to this Agreement. HUD/FHA will treat such properties in the same manner as properties acquired pursuant to FHA insurance contracts. HUD/FHA is hereby authorized to repair, renovate, restore, or take any protective maintenance deemed necessary by HUD/FHA insofar as any property covered by this Agreement is concerned. The terms of rental, sale for cash or credit by the assumption of the existing mortgage, or by other means of disposal of any property covered by this Agreement which is contracted for or otherwise entered into by FHA shall be final.

Section 2. While any acquired property is under HUD/FHA's custody, payments in lieu of taxes will be made by the FHA Assistant Commissioner-Comptroller to local taxing authorities in amounts equivalent to the taxes which would be payable were the properties in private hands, except when the Government is making expenditures for streets, utilities or other public services. In such cases, the Division/District Engineer will advise the FHA Assistant Commissioner-Comptroller of such expenditures and specify what allowances are to be deducted. It shall be the responsibility of the Division/District Engineer to advise the FHA Assistant Commissioner-Comptroller in such cases sufficiently prior to the time that the Assistant Commissioner-Comptroller makes payment of any tax bill received by FHA on acquired properties. In the event that such notice is not received by the Division/District Engineer by such time, the Assistant Commissioner-Comptroller may pay the amount of the net tax bill without penalties.

Section 3. This Agreement contemplates that disposal of the properties will be accomplished by the financing arrangements available to HUD/FHA and beneficial to DoD. The following financial arrangements will generally be used and FHA will be guided by the same considerations that govern FHA sales of its properties:

1. Sale of the property for cash or through the use of a conventional uninsured mortgage.
2. Sale of the property providing for assumption of the existing mortgage indebtedness by the buyer or sale of the property subject to the existing mortgage indebtedness.
3. Sale of the property by use of FHA's insured private financing program or FHA's instant FNMA

closing program if available.

4. Sale of the property by use of a purchase money mortgage taken by the Secretary, Department of Housing and Urban Development.

In those cases where an existing mortgage is assumed and the assumptor subsequently defaults, the Fund will be responsible for all costs, expenses or losses sustained by HUD/FHA in satisfying the Government's liability on the mortgage. In the event it is advantageous to the Government to sell by assumption and the sales price is less than the outstanding mortgage balance, the Fund shall be responsible for the money which is required to reduce the outstanding principal balance of the mortgage. When, in order to facilitate the sale of acquired properties, FHA insures the mortgage, the Fund will be responsible for all expenses incurred by FHA on the first sale, including losses in connection therewith, as computed by the FHA Assistant Commissioner-Comptroller.

ARTICLE V - FINANCING, ACCOUNTING AND REPORTING

Section 1. The Corps will furnish to HUD/FHA by June 1 of each year an estimate of the number of housing units expected to be acquired and transferred to HUD/FHA during the succeeding fiscal year and those during the following budget year. The estimates will show number of housing units, FHA insuring office jurisdiction, estimated average monthly principal and interest payments and expected quarterly phasing of transfer to FHA.

On August 1 of each year HUD/FHA will submit a budget estimate to the Corps setting forth the estimated financial requirements for the activities that FHA is to perform for the Secretary of Defense pursuant to the terms of this Agreement covering the then current fiscal year and the following budget year. The estimate, in terms of obligations/expenditures, should be by FHA insuring office jurisdiction and in the same cost categories as maintained in the automatic tape record as set forth in Article V, Section 2, for each acquired property and as included in the monthly reimbursement request set forth in Article V, Section 3, for all other expenses. On May 1 of each year FHA will furnish to the Corps in the same format as the August 1 statement an updated estimate of obligations/expenditures then estimated to be incurred in the succeeding fiscal year.

Based on the estimated financial requirements, in consonance with budgetary and appropriation actions, the Corps will issue to FHA on July 1 of each year a reimbursable order including and obligation/expenditure limitation as to the amount which the FHA may, on a net basis obligate/expend in anticipation of reimbursement from the Fund for that fiscal year. FHA will promptly advise the Corps whenever it determines that the performance of its responsibility under this Agreement requires any adjustment, together with an estimate and explanation of the changes needed so as to permit the continued effective operation of the program as contemplated under this Agreement. The Corps of Engineers will arrange to provide for the

necessary adjustment within its authority. Where this is infeasible the Corps of Engineers will submit the requirement promptly to the Secretary of Defense. The Secretary of Defense will either provide the additional resources required or will directly advise FHA as to the course of action necessary to be taken pending the availability of additional resources.

Section 2. The FHA will maintain in its automated tape records an account for each acquired property. The account will separately identify each of the following:

- (a) The FHA identification number, which will be assigned by the FHA insuring office. The Corps will be advised of the FHA identification number on the copy of the FHA Form 1174 returned to the Corps per Article III, Section 2.
- (b) Property address, entered by the Corps on the FHA Form 1174 within the space allotted in ADP records.
- (c) Outstanding mortgage balance at acquisition.
- (d) Property acquired. Contra to (c) above, this will be established in the same amount and will offset the outstanding mortgage balance. In the event a property is sold with the purchaser assuming the mortgage or with FHA taking a purchase money mortgage the outstanding balance assumed by the purchaser or the amount of the purchase money mortgage accepted will be recorded as a reduction of the amount originally established.
- (e) Principal payments including prepayments of the entire balance when necessary by FHA on the mortgage.
- (f) Interest payments by FHA on the mortgage.
- (g) Payments in lieu of taxes and insurance payments by FHA. The Corps will notify FHA on the FHA Form 1174 of Escrow Accounts retained by the mortgagee.
- (h) Maintenance and operating expenses paid by FHA including any special payments for evictions and removal of title impediments. Direct expense transactions of \$100 or more will be a direct charge to the affected property account. All other expenses, generally derived from net settlements with brokers, made pursuant to FHA 2750 Accounting Manual for Acquired Properties, as may be amended from time to time, will be prorated monthly to all home properties in FHA's inventory, including those acquired pursuant to this Agreement. Net settlement means expenses paid by brokers less rental collections.
- (i) Sales expenses paid by FHA which will be for sales, closing costs, and discount on notes.
- (j) Net FHA incurred expense, which will be the net total of amounts recorded in items (e) through (i) of this Section.
- (k) Gross sale price agreed to by FHA. This is not the same as cash proceeds which will be reported separately by FHA.
- (l) Net Expense or Collection on Sold Properties, which will be the gross sales price less

adjustments to item (d) of this Section less item (j) of this Section.

(m) A Corps-furnished base identification and homeowner classification code consisting of 7 digits (2 digits for state code and 4 digits for installation number plus the number "2" for civilian or the number "1" for military homeowner).

Section 3. FHA will furnish to the Corps the following reports:

(a) Monthly, no later than 30 working days after the end of each calendar month the FHA Form 1131, "Acquired Home Property, Maintenance Phase Trial Balance," showing separate totals to date for items (c) through (l) of Article V, Section 2, for each FHA identification number.

(b) Monthly, no later than 30 working days after the end of each calendar month a statement supporting an SF 1080 billing setting forth the following:

(1) Net change in FHA expenses for acquired properties as reported on the current and prior month, Article V, Section 3, item (a) reports, separately for "on hand" and for "sold" properties.

(2) Sales proceeds, which will be detailed by the gross sales price agreed to by FHA less amount of mortgages assumed by buyers less purchase money mortgages accepted by FHA.

(3) Principal and interest collections separately on purchase money mortgages.

(4) FHA insuring office expenses directly related to this Agreement developed on basis of reports received in accordance with FHA Manual, Field Expense and Performance Handbook, as may be amended from time to time. This item will be supported by a schedule showing total expenses incurred by each FHA insuring office.

(5) FHA Headquarters expenses directly related to this Agreement developed on basis of reports received in accordance with FHA Manual, Departmental Expenses and Performance Handbook, as may be amended from time to time.

(6) HUD departmental level expenses directly related to this program which will include Automatic Data Processing (ADP) services, printing and some other minor expenses, which in the judgment of FHA are appropriately chargeable under this Agreement. ADP services will include the cost of magnetic tapes furnished the Corps under Article V, Section 3, item (c) and Article V, Section 4, and personal service costs. Personal service costs included in items (4), (5), and (6) will be limited to those directly related to this program on the basis of time worked and will consist of salary cost plus FICA and the Government contribution for health benefits, life insurance, and retirement funds. An additional 15.9 percent of this total will be added to cover the cost of earned annual leave, sick leave taken, and holiday leave.

(7) Amount due FHA from the Fund or amount due the Fund from FHA.

(c) Quarterly, not later than 30 working days

after the end of each calendar quarter a duplicate of the FHA automated tape record for all acquired properties.

Section 4. Whenever FHA determines that they do not plan to offer properties for sale within 12 months after acquisition, the FHA will so advise the Secretary of Defense, with the expected prospects for such disposition. The Secretary of Defense will consult with the FHA on alternative means of disposal in such cases where such alternatives are considered feasible.

Section 5. FHA will not drop closed cases for properties acquired pursuant to the Act from the automated tape records except by special agreement with the Corps, at which time a duplicate of FHA's automated tape of such cases will be furnished to the Corps.

Section 6. It is agreed and understood that, in performing the accounting and reporting operations set out herein, FHA will accomplish the objectives using its existing automated data processing routines and programs, and that no special programming or detailed printouts will be required from FHA.

Section 7. The Corps, within 6 working days after receipt of a monthly statement indicating the amount due FHA, will reimburse FHA by check for the amount shown on the statement. The check will be made payable to the Federal Housing Administration and will be forwarded to the FHA Assistant Commissioner-Comptroller.

Section 8. In those instances where the statement indicates an amount due the Fund, a check payable to the Homeowners Assistance Fund, Defense, for such amount will accompany the monthly statement submitted to the Corps by FHA.

Section 9. The following FHA issuances and changes thereto will be furnished to the Corps:

- (a) FHA 2750, Accounting Manual for Acquired Properties;
- (b) FHA Manual, Field Expense and Performance Handbook;
- (c) FHA Manual, Departmental Expense and Performance Handbook.

Section 10. FHA will maintain a separate document file for each acquired property. The file will contain at least the FHA Form 1174 and FHA Form 1175 and attachments thereto.

ARTICLE VI - FINALITY OF ACTION

Section 1. This Agreement embodies the full understanding of the Department of Defense and the

Department of Housing and Urban Development concerning their responsibilities and it is understood that all decisions made and all actions taken by HUD/FHA within the terms of this Agreement with respect to all aspects of clearing impediments of title, prepayment of mortgages, eviction of occupants, prepayment of hazard insurance coverage premiums, and all other matters relating to the maintenance, management, renovation, rental, sale, or other disposal of properties and the selection and use of brokers shall be final and conclusive as fully as if made or taken by the Secretary of Defense.

ARTICLE VII - DELEGATION OF AUTHORITY

Section 1. The Secretary of Housing and Urban Development is hereby authorized, with respect to acquired properties, to acquire title to, hold, manage, sell for cash or credit by taking a purchase money mortgage in the name of the Secretary of Housing and Urban Development, and, in connection therewith, to execute deeds of conveyance and all other instruments necessary to fulfill the purpose of Section 1013 of the Demonstration Cities and Metropolitan Act of 1966 (Public Law 89-754, enacted November 3, 1966), to issue rules and regulations and to make any or all determinations and to take any or all further actions in connection with acquired properties which the Secretary of Defense is authorized to undertake pursuant to the provisions of the Act. The Secretary of Housing and Urban Development is further authorized to redelegate any of the functions, powers and duties delegated herein to officers and employees of HUD and to authorize successive redelegations.

Approved:

s: Thomas D. Morris

Assistant Secretary of Defense
(Installations and Logistics)
Department of Defense

Date: June 18, 1968

s: Robert C. Weaver

Secretary, Department of Housing and
Urban Development

Date: June 18, 1968

E4. ENCLOSURE 4

MEMORANDUM OF AGREEMENT
BETWEEN
THE UNITED STATES DEPARTMENT OF TRANSPORTATION
AND
THE UNITED STATES DEPARTMENT OF DEFENSE

MEMORANDUM OF AGREEMENT
BETWEEN
THE UNITED STATES DEPARTMENT OF TRANSPORTATION
AND
THE UNITED STATES DEPARTMENT OF DEFENSE

1. Purpose. To establish the relationships and procedures which will govern the administration of the Homeowners Assistance Program as authorized by Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89-754), as amended, 42 U.S.C. 3374 as such program is applicable to eligible personnel of the United States Coast Guard.

2. Authority. The authority to execute this agreement is vested in the parties hereto by the provisions of Section 11 of Public Law 100-448 (42 U.S.C. 3374(n); 10 U.S.C. 113(d); 10 U.S.C. 3036(d); and 31 U.S.C. 1535.

3. Policy. This agreement between the Department of Transportation and the Department of Defense, will allow the U.S. Army Corps of Engineers and other agents of the Department of Defense to provide services under the Homeowners Assistance Program to eligible personnel of the United States Coast Guard which the Department of Transportation will fund for the United States Coast Guard. Such assistance will be provided under terms equivalent to those provided under 42 U.S.C. 3374 for closings of military bases and installations under the jurisdiction of the Secretary of Defense.

4. Scope. The work consists of the processing of all claims by Federal employees or service members of the United States Coast Guard serving or employed at a United States Coast Guard installation which has been ordered to be closed in whole or in part, or has had a reduction in its scope of operations, and payment of such claims to the extent that they are determined to be eligible for payment under the program. It also applies to eligible personnel of other Federal agencies serving or employed at or near such installation, who are affected by such closings or reductions. Assistance is provided to such persons who are owners and occupants of a dwelling to offset losses suffered in the sale or attempted sale of their dwelling upon transfer to another duty station, when such losses result from a depressed real estate market due to base closures or reductions in the scope of operations.

5. Responsibilities.

a. The United States Coast Guard will be responsible for making available to its personnel all informational material made available to the United States Coast Guard by the U.S. Army Corps of Engineers explaining the applicability of the Homeowners Assistance Program. Upon deciding to initiate a reorganization or close an installation, the United States Coast Guard will provide a

copy of the signed Operating Facility Change Order or similar notification, to the Director of Real Estate, U.S. Army Corps of Engineers. The United States Coast Guard will provide assistance to the servicing District Commanders of the U.S. Army Corps of Engineers in obtaining all necessary information and data concerning base closures or reductions in the scope of operations which may require the implementation of the Homeowners Assistance Program. In addition, the United States Coast Guard will provide data as to numbers of personnel affected, numbers who are homeowners, and similar data required for the U.S. Army Corps of Engineers to make a determination as to market impact of the closing.

b. The U.S. Army Corps of Engineers is responsible for management of the program and will be responsible for making the determination as to whether the necessary market impact has been established to involve the Homeowners Assistance Program. The U.S. Army Corps of Engineers, through the servicing District Commanders, will receive and process all applications for assistance under the Homeowners Assistance Program and will provide assistance to United States Coast Guard personnel under terms equivalent to those under which assistance is provided for closings of military bases and installations under the jurisdiction of the Secretary of Defense, pursuant to the provisions of 42 U.S.C. 3374.

c. Funding and Reimbursement. The Department of Transportation will reimburse all costs for actual assistance payments and all costs incurred in support of the program by the U.S. Army Corps of Engineers as well as other agents of the Department of Defense. These include travel, per diem, and all applicable labor costs including overhead. All proceeds from the sale of homes acquired on behalf of the Department of Transportation will be credited to the fund established pursuant to Section 1013(d) of Public Law 89-754 (42 U.S.C. 3374(d)). The Coast Guard will establish a reimbursable order for services by submitting DD Form 448, Military Interdepartmental Purchase Request (MIPR) to the Director of Real Estate, Headquarters, U.S. Army Corps of Engineers. Headquarters, U.S. Army Corps of Engineers will provide quarterly detailed billings (SF 1080) to Commandant (G-CAC), U.S. Coast Guard, Washington, D.C. 20593. The U.S. Army Corps of Engineers accounting system and regulations will be used for accounting and allocation of costs. Points of contact for funding shall be:

United States Coast Guard:

Commandant (G-CAC)
U.S. Coast Guard
Washington, D.C. 20593-0001

U.S. Corps Of Engineers:

Chief, Programs Division,
Directorate of Real Estate
20 Massachusetts Avenue, NW
Washington, D.C. 20314-1000

7. Audit and Review. All expenditure of funds may be subject to review or audit by the Department of Transportation at any time. In the event any errors or deficiencies are found, the U. S. Army Corps of Engineers will undertake immediate remedial action.

8. Points of Contact. Points of contact for program administration are:

United States Coast Guard:

Commandant (G-PS)
U.S. Coast Guard
Washington, D.C. 20593-0001

U.S. Army Corps of Engineers:

Realty Services Division
Directorate of Real Estate
20 Massachusetts Avenue, NW
Washington, D.C. 20314-1000

9. Reports and Documentation. The U.S. Army Corps of Engineers shall provide quarterly status reports on the Homeowners Assistance Program, and other normal and reasonable progress, financial and related reports as requested by the United States Coast Guard.

10. Amendments and Termination. This Memorandum of Agreement may be modified or amended by mutual consent on written agreement between the Department of Transportation and the Department of Defense. It may be terminated by mutual written agreement, or by either party giving 30 days written notice to the other. In the event of termination, the Department of Transportation will be responsible for the costs incurred in the closeout of all ongoing applications for Homeowners Assistance Program assistance by United States Coast Guard personnel. The U.S. Army Corps of Engineers will retain complete responsibility for such applications until closeout.

11. Effective Date. This Memorandum of Agreement will be effective upon signature by the principal Department of Transportation and Department of Defense officials. It shall remain in effect for five years duration. Upon the request of either party, both parties will review this Memorandum of Agreement to assure that it continues to reflect the appropriate understandings and procedures to reflect current needs and responsibilities. After

affixing signatures to Memorandum of Agreement and prior to commencement of work to be performed, the United States Coast Guard and the U.S. Army Corps of Engineers will agree to a written scope of actual work.

s: Richard B. Cheney
Secretary, U.S. Department of Defense

2/25/1990
Date

s: Samuel K. Skinner
Secretary, U.S. Department of Transportation

March 22, 1990
Date